

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1346

AN ACT

AMENDING SECTIONS 9-500.04, 15-349, 41-803, 42-12006, 49-474.01 AND 49-573,
ARIZONA REVISED STATUTES; RELATING TO FUEL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-500.04, Arizona Revised Statutes, is amended to
3 read:

4 9-500.04. Air quality control: definitions

5 A. The governing body of a city or town in area A or B as defined in
6 section 49-541 shall:

7 1. If the city has a population exceeding fifty thousand persons
8 according to the 1995 special census, adjust the work hours of at least
9 eighty-five per cent of municipal employees each year beginning October 1 and
10 ending April 1 in order to reduce the level of carbon monoxide concentrations
11 caused by vehicular travel.

12 2. In area A, in consultation with the designated metropolitan
13 planning organization, synchronize traffic control signals on all existing
14 and new roadways, within and across jurisdictional boundaries, which have a
15 traffic flow exceeding fifteen thousand motor vehicles per day.

16 3. In area A, beginning on January 1, 2000, develop and implement
17 plans to stabilize targeted unpaved roads, alleys and unpaved shoulders on
18 targeted arterials. The plans shall address the performance goals, the
19 criteria for targeting the roads, alleys and shoulders, a schedule for
20 implementation, funding options and reporting requirements.

21 4. In area A acquire or utilize vacuum systems or other dust removal
22 technology to reduce the particulates attributable to conventional crack
23 sealing operations as existing equipment is retired.

24 5. In area B synchronize traffic control signals on all roadways which
25 have a traffic flow exceeding fifteen thousand motor vehicles per day.

26 B. The governing body of a city or town in area B, ~~as~~ as defined in
27 section 49-541, ~~may~~ may make and enforce ordinances to reduce or encourage the
28 reduction of the commuter use of motor vehicles by employees of the city or
29 town and employees whose place of employment is within the city or town.

30 C. Except as provided in subsection F of this section, the governing
31 body of a city or town in area A, ~~as~~ as defined in section 49-541, ~~in~~ in a county
32 with a population of more than one million two hundred thousand persons
33 according to the most recent United States decennial census shall develop and
34 implement a vehicle fleet plan for the purpose of encouraging and
35 progressively increasing the use of alternative fuels and clean burning fuels
36 in city or town owned vehicles. The plan shall include a timetable for
37 increasing the use of alternative fuels and clean burning fuels in fleet
38 vehicles either through purchase or conversion.

39 D. The timetable shall reflect the following schedule and percentage
40 of vehicles which operate on alternative fuels and clean burning fuels:

41 1. At least eighteen per cent of the total fleet by December 31, 1995.

42 2. At least twenty-five per cent of the total fleet by December 31,
43 1996.

44 3. At least fifty per cent of the total fleet by December 31, 1998.

1 4. At least seventy-five per cent of the total fleet by December 31,
2 2000 and each year thereafter.

3 E. The requirements of subsections C and D of this section may be
4 waived on receipt of evidence acceptable to the city or town council that the
5 city or town is unable to acquire or be provided equipment or refueling
6 facilities necessary to operate vehicles using alternative fuels or clean
7 burning fuels at a projected cost that is reasonably expected to result in
8 net costs of no greater than ten per cent more than the net costs associated
9 with the continued use of conventional gasoline or diesel fuels measured over
10 the expected useful life of the equipment or facilities supplied.
11 Applications for waivers shall be filed with the department of environmental
12 quality pursuant to section 49-412. An entity that receives a waiver
13 pursuant to this section shall retrofit fleet heavy-duty diesel vehicles with
14 a gross vehicle weight of eight thousand five hundred pounds or more, that
15 were manufactured in or before model year 1993 and that are the subject of
16 the waiver with a technology that is effective at reducing particulate
17 emissions at least twenty-five per cent or more and that has been approved by
18 the United States environmental protection agency pursuant to the urban bus
19 engine retrofit/rebuild program. The entity shall comply with the
20 implementation schedule pursuant to section 49-555.

21 F. The plan prescribed by subsection C of this section shall include
22 provisions for the use of alternative fuels and clean burning fuels in the
23 bus fleet operated by that city or town or a regional public transportation
24 authority, except that all newly purchased buses shall use alternative fuel
25 or clean burning fuel. The bus fleet shall comply with the timetable
26 prescribed by subsection D of this section, except that the requirements of
27 subsections C and D of this section may be waived on receipt of certification
28 supported by evidence acceptable to the department of environmental quality
29 that the city or town is unable to acquire or be provided equipment or
30 refueling facilities necessary to operate vehicles using alternative fuels or
31 clean burning fuels at a projected cost that is reasonably expected to result
32 in net costs of no greater than twenty per cent more than the net costs
33 associated with the continued use of conventional gasoline or diesel fuels
34 measured over the expected useful life of the equipment or facilities
35 supplied.

36 G. IF THE REQUIREMENTS OF SUBSECTIONS C, D AND F OF THIS SECTION ARE
37 MET BY THE USE OF CLEAN BURNING FUEL, VEHICLE EQUIVALENTS UNDER THOSE
38 REQUIREMENTS SHALL BE CALCULATED AS FOLLOWS:

39 1. ONE VEHICLE EQUIVALENT FOR EVERY FOUR HUNDRED FIFTY GALLONS OF NEAT
40 BIODIESEL OR TWO THOUSAND TWO HUNDRED FIFTY GALLONS OF A DIESEL FUEL
41 SUBSTITUTE PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (b).

42 2. ONE VEHICLE EQUIVALENT FOR EVERY FIVE HUNDRED THIRTY GALLONS OF THE
43 FUEL PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (d).

1 ~~G.~~ H. For the ~~purpose~~ PURPOSES of this section, "alternative fuel"
2 and "clean burning fuel" have the same ~~meaning~~ MEANINGS prescribed in
3 section 1-215.

4 Sec. 2. Section 15-349, Arizona Revised Statutes, is amended to read:

5 15-349. Operation of motor vehicle fleet: options to
6 conventional fuels

7 A. The governing board of a school district with an average daily
8 membership as defined in section 15-901 of more than three thousand ~~which~~
9 ~~THAT~~ is located within or ~~which~~ ~~THAT~~ has bus routes running within area A,
10 as defined in section 49-541,~~—~~ shall develop and implement, subject to the
11 availability of a state air quality funding source, a vehicle fleet plan for
12 vehicles with a gross vehicle weight rating of at least seventeen thousand
13 five hundred pounds for the purpose of encouraging the use of fuels listed
14 pursuant to this subsection in school district owned vehicles. The plan
15 shall provide for at least fifty per cent of the fleet with a gross vehicle
16 weight rating of at least seventeen thousand five hundred pounds to operate
17 on any of the following by December 31, 2004, and each year thereafter:

18 1. Alternative fuels or clean burning fuels as defined in section
19 1-215.

20 2. Ultra low sulfur diesel FUEL as defined in section 49-558.01 ~~and~~
21 that is used in an engine with an emission control device.

22 3. Vehicles powered by an engine that meets or exceeds an emission
23 standard for diesel particulate matter of 0.05 grams per brake horsepower
24 hour.

25 B. Engine retrofits or conversions meet the requirements of subsection
26 A of this section if they have been approved for use by any one of the
27 following:

28 1. The United States environmental protection agency voluntary
29 retrofit program.

30 2. The United States environmental protection agency verification
31 protocol for retrofit catalyst particulate filter and engine modification
32 control technologies for highway and nonroad use diesel engines.

33 3. The California air resources board diesel emission control strategy
34 verification procedure.

35 4. Sections 43100 and 43102 of the health and safety code of the state
36 of California.

37 5. Actual emission testing performed on the vehicle.

38 C. This section does not preclude a school district from using any
39 local, federal or private funding sources that may be available in order to
40 comply with the requirements of this section.

41 D. IF THE REQUIREMENTS OF SUBSECTION A OF THIS SECTION ARE MET BY THE
42 USE OF CLEAN BURNING FUEL AS DEFINED IN SECTION 1-215, VEHICLE EQUIVALENTS
43 UNDER THOSE REQUIREMENTS SHALL BE CALCULATED AS FOLLOWS:

1 1. ONE VEHICLE EQUIVALENT FOR EVERY FOUR HUNDRED FIFTY GALLONS OF NEAT
2 BIODIESEL OR TWO THOUSAND TWO HUNDRED FIFTY GALLONS OF A DIESEL FUEL
3 SUBSTITUTE PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (b).

4 2. ONE VEHICLE EQUIVALENT FOR EVERY FIVE HUNDRED THIRTY GALLONS OF THE
5 FUEL PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (d).

6 Sec. 3. Section 41-803, Arizona Revised Statutes, is amended to read:

7 41-803. Operation of state motor vehicle fleet; public service
8 announcements; energy conservation; alternative and
9 clean burning fuels; definitions

10 A. The director shall operate a motor vehicle fleet for all state
11 owned motor vehicles for the purpose of providing transportation for state
12 officers and employees, except those officers and employees of any agency or
13 department excluded by subsection E of this section. The director shall make
14 fleet motor vehicles available to state agencies and departments on the
15 request of the chosen representative for that agency or department.

16 B. The director may adopt rules necessary for the administration of
17 the motor vehicle fleet. State agencies and departments, including agencies
18 and departments listed in subsection E of this section, may accept
19 compensation for placing public service announcements on state owned motor
20 vehicles, and monies received shall be deposited, pursuant to sections 35-146
21 and 35-147, in the state general fund. The agency or department director
22 shall determine the appropriateness of the announcements, may exempt any
23 vehicles that are not suitable for advertising and may contract with private
24 parties for design and placement of the announcements.

25 C. The director shall provide for detailed cost, operation,
26 maintenance, mileage and custody records for each state owned vehicle. On or
27 before August 1 of each year, all state agencies and departments, including
28 those listed in subsection E of this section, shall make information
29 available to the director regarding vehicle cost, operation, maintenance and
30 mileage and other information as established by the director in policies and
31 procedures for the purposes of the report prescribed in subsection R of this
32 section.

33 D. Each state department and agency shall pay from available monies
34 the cost of motor vehicle services received from the state motor vehicle
35 fleet at a rate determined by the director.

36 E. The following departments and agencies are excluded from
37 participation in the state motor vehicle fleet:

- 38 1. Department of public safety.
- 39 2. Department of transportation.
- 40 3. Department of economic security.
- 41 4. State department of corrections.
- 42 5. Universities and community colleges.
- 43 6. Arizona state schools for the deaf and the blind.
- 44 7. Cotton research and protection council.

1 F. The director shall appoint a person in the office of the director
2 who is the state motor vehicle fleet alternative fuel and clean burning fuel
3 coordinator. The coordinator shall develop, implement, document, monitor and
4 modify as necessary a statewide alternative fuels plan in consultation with
5 all state agencies and departments that are subject to the alternative fuel
6 and clean burning fuel requirements prescribed in this section or any other
7 law. The approval of the coordinator is required for all acquisitions of
8 vehicles pursuant to this section, except for acquisitions by community
9 college districts.

10 G. Purchases of all new motor vehicles that primarily operate in
11 counties with a population of more than two hundred fifty thousand persons
12 and that have a gross vehicle weight of eight thousand five hundred pounds or
13 less, including those agency motor vehicle fleets listed in subsection E of
14 this section, shall meet the following minimum requirements for vehicles:

15 1. For model year 1997, ten per cent of new motor vehicles purchased
16 shall be capable of operating on alternative fuels.

17 2. For model year 1998, fifteen per cent of new motor vehicles
18 purchased shall be capable of operating on alternative fuels.

19 3. For model year 1999, twenty-five per cent of new motor vehicles
20 purchased shall be capable of operating on alternative fuels.

21 4. For model year 2000, fifty per cent of new motor vehicles purchased
22 shall be capable of operating on alternative fuels.

23 5. For model year 2001 and all subsequent model years, seventy-five
24 per cent of new motor vehicles purchased shall be capable of operating on
25 alternative fuels or clean burning fuels.

26 H. Purchases of new alternative fuel and clean burning fuel vehicles
27 that have a gross vehicle weight of eight thousand five hundred pounds or
28 less shall meet the following minimum requirements for vehicles that
29 primarily operate in counties with a population of more than one million two
30 hundred thousand persons:

31 1. For model year 2000, forty per cent of new alternative fuel and
32 clean burning fuel vehicles purchased shall comply with the United States
33 environmental protection agency standards for low emission vehicles pursuant
34 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

35 2. For model year 2001, fifty per cent of new alternative fuel and
36 clean burning fuel vehicles purchased shall comply with the United States
37 environmental protection agency standards for low emission vehicles pursuant
38 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

39 3. For model year 2002, sixty per cent of new alternative fuel and
40 clean burning fuel vehicles purchased shall comply with the United States
41 environmental protection agency standards for low emission vehicles pursuant
42 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

43 4. For model year 2003, seventy per cent of new alternative fuel and
44 clean burning fuel vehicles purchased shall comply with the United States

1 environmental protection agency standards for low emission vehicles pursuant
2 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

3 I. The coordinator may waive the requirements of subsection G of this
4 section for any state agency on receipt of certification supported by
5 evidence acceptable to the coordinator that:

6 1. The agency's vehicles will be operating primarily in an area in
7 which neither the agency nor a supplier has established or can reasonably be
8 expected to establish a central refueling station for alternative fuels or
9 clean burning fuels.

10 2. The agency is unable to acquire or be provided equipment or
11 refueling facilities necessary to operate vehicles using alternative fuels or
12 clean burning fuels at a projected cost that is reasonably expected to result
13 in net costs of no greater than thirty per cent more than the net costs
14 associated with the continued use of traditional gasoline or diesel fuels
15 measured over the expected useful life of the equipment or facilities
16 supplied. Applications for waivers shall be filed with the department of
17 environmental quality pursuant to section 49-412. An entity that receives a
18 waiver pursuant to this section shall retrofit fleet heavy-duty diesel
19 vehicles with a gross vehicle weight of eight thousand five hundred pounds or
20 more that were manufactured in or before model year 1993 and that are the
21 subject of the waiver with a technology that is effective at reducing
22 particulate emissions at least twenty-five per cent or more and that has been
23 approved by the United States environmental protection agency pursuant to the
24 urban bus engine retrofit/rebuild program. The entity shall comply with the
25 implementation schedule pursuant to section 49-555.

26 J. The department of administration, through the coordinator, may
27 acquire or be provided equipment or refueling facilities necessary to operate
28 such vehicles using alternative fuels or clean burning fuels:

29 1. By purchase or lease as authorized by law.

30 2. By gift or loan of the equipment or facilities.

31 3. By gift or loan of the equipment or facilities or any other
32 arrangement pursuant to a service contract for the supply of alternative
33 fuels or clean burning fuels.

34 K. The coordinator and the department of commerce energy office shall
35 develop and implement a vehicle fleet energy conservation plan for the
36 purposes of reducing vehicle fuel consumption and to encourage and
37 progressively increase the use of alternative fuels and clean burning fuels
38 in state owned vehicles. The plans shall include:

39 1. A timetable by which fleet vehicles shall be replaced with vehicles
40 that have demonstrated high fuel economy estimates within their vehicle
41 class.

42 2. A timetable for increasing the use of alternative fuels and clean
43 burning fuels in fleet vehicles either through purchase or conversion. The

1 timetable shall reflect the following schedule and percentage of vehicles
2 which operate on alternative fuels or clean burning fuels:

3 (a) Not less than forty per cent of the total fleet by December 31,
4 1995, except for community college districts. Community college districts
5 shall comply by December 31, 2002.

6 (b) Not less than ninety per cent of the total fleet operating
7 primarily in counties with populations exceeding one million two hundred
8 thousand persons according to the most recent federal decennial census by
9 December 31, 1997, except for community college districts. Community college
10 districts shall comply by December 31, 2004.

11 3. Options for increasing, whenever possible, the use of vehicles that
12 have the capability to use available alternative fuels or clean burning
13 fuels, or vehicles that may be economically converted, if needed, for the use
14 of alternative fuels or clean burning fuels.

15 4. Options for the use of demonstrated innovative technologies that
16 promote energy conservation and reduced fuel consumption.

17 5. Methods that promote efficient trip planning and state vehicle use.

18 6. Car pooling and van pooling for agency employees for commuting and
19 job related travel.

20 L. The coordinator shall identify specific vehicle models within each
21 vehicle class that would meet the demands of each state agency and that
22 demonstrate a high degree of fuel economy. Vehicle classes and fuel economy
23 comparisons shall be based on United States department of energy and United
24 States environmental protection agency data pursuant to title 15 United
25 States Code sections 2003 through 2006. For the use of an alcohol fueled
26 vehicle, the state agency shall demonstrate to the director that the fuel for
27 the vehicle is available within a ten mile radius of the primary home base of
28 that vehicle.

29 M. Subsections G, H, I, J, K, L, N, O and P of this section do not
30 apply to the purchase or lease of the following:

31 1. A vehicle to be used primarily for criminal law enforcement.

32 2. A motorcycle.

33 3. An all-terrain vehicle.

34 4. An ambulance.

35 5. A fire truck, a fire engine or any other fire suppression
36 apparatus.

37 N. Any contract for conversion of vehicles to alternative fuels
38 pursuant to this section shall be entered into by competitive sealed
39 proposals pursuant to section 41-2534.

40 O. If everything else is equal, when contracting for vehicles to
41 satisfy the requirements prescribed in this section, preference shall be
42 given to vehicles with the lowest emissions levels.

43 P. The departments and agencies excluded from participation in the
44 state motor vehicle fleet pursuant to subsection E of this section shall

1 develop and implement a program for alternative fuels and clean burning fuels
2 and fuel economy for their motor vehicle fleets substantially similar to the
3 standards set forth in this section, and the program shall be submitted to
4 the coordinator for review.

5 Q. All agencies, including those listed in subsection E of this
6 section, shall comply with the plan developed and implemented by the
7 coordinator pursuant to subsection F of this section.

8 R. On or before November 1 of each year, the director shall submit a
9 report to the governor, the speaker of the house of representatives, the
10 president of the senate, the governor's office of strategic planning and
11 budgeting and the joint legislative budget committee concerning the use of
12 alternative fuels and clean burning fuels in the state motor vehicle fleet.
13 The report shall include at least the following:

- 14 1. The number of state fleet vehicles.
- 15 2. The number of state fleet vehicles used primarily in Maricopa
16 county.
- 17 3. The number of state fleet vehicles capable of using alternative
18 fuels or clean burning fuels.
- 19 4. Progress on compliance with federal and state guidelines mandating
20 the conversion of state fleet vehicles to alternatively fueled vehicles.
- 21 5. Alternative fuels and clean burning fuels usage data.
- 22 6. Information received from state agencies pursuant to subsection C
23 of this section.
- 24 7. Information gathered from local offices of federal agencies
25 regarding progress made toward implementing the federal mandates relating to
26 the conversion of motor vehicle fleets to alternative fuels or clean burning
27 fuels pursuant to subsection G of this section.

28 S. IF THE REQUIREMENTS OF SUBSECTIONS G, H AND K OF THIS SECTION ARE
29 MET BY THE USE OF CLEAN BURNING FUEL, VEHICLE EQUIVALENTS UNDER THOSE
30 REQUIREMENTS SHALL BE CALCULATED AS FOLLOWS:

31 1. ONE VEHICLE EQUIVALENT FOR EVERY FOUR HUNDRED FIFTY GALLONS OF NEAT
32 BIODIESEL OR TWO THOUSAND TWO HUNDRED FIFTY GALLONS OF A DIESEL FUEL
33 SUBSTITUTE PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (b) IN
34 VEHICLES WITH A GROSS VEHICLE WEIGHT RATING OF AT LEAST EIGHTY-FIVE HUNDRED
35 POUNDS.

36 2. ONE VEHICLE EQUIVALENT FOR EVERY FIVE HUNDRED THIRTY GALLONS OF THE
37 FUEL PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (d).

38 ~~S.~~ T. For the purposes of this section:

- 39 1. "Alternative fuels" has the same meaning prescribed in section
40 1-215.
- 41 2. "Clean burning fuels" has the same meaning prescribed in
42 section 1-215.

1 3. "New motor vehicle" means an original equipment manufactured
2 vehicle, a converted original equipment manufactured vehicle or an original
3 equipment manufactured vehicle that will be converted.

4 Sec. 4. Section 42-12006, Arizona Revised Statutes, is amended to
5 read:

6 42-12006. Class six property

7 For purposes of taxation, class six is established consisting of:

8 1. Noncommercial historic property as defined in section 42-12101 and
9 valued at full cash value.

10 2. Real and personal property that is located within the area of a
11 foreign trade zone or subzone established under 19 United States Code section
12 81 and title 44, chapter 18, that is activated for foreign trade zone use by
13 the district director of the United States customs service pursuant to
14 19 Code of Federal Regulations section 146.6 and that is valued at full cash
15 value. Property that is classified under this paragraph shall not thereafter
16 be classified under paragraph 7 of this section.

17 3. Real and personal property and improvements that are located in a
18 military reuse zone that is established under title 41, chapter 10, article 3
19 and that is devoted to providing aviation or aerospace services or to
20 manufacturing, assembling or fabricating aviation or aerospace products,
21 valued at full cash value and subject to the following terms and conditions:

22 (a) Property may not be classified under this paragraph for more than
23 five tax years.

24 (b) Any new addition or improvement to property already classified
25 under this paragraph qualifies separately for classification under this
26 paragraph for not more than five tax years.

27 (c) If a military reuse zone is terminated, the property in that zone
28 that was previously classified under this paragraph shall be reclassified as
29 prescribed by this article.

30 (d) Property that is classified under this paragraph shall not
31 thereafter be classified under paragraph 4 or 7 of this section.

32 4. Real and personal property and improvements that are located in an
33 enterprise zone, that are owned or used by a small manufacturing business
34 that is certified by the department of commerce pursuant to
35 section 41-1525.01 and that are valued at full cash value, subject to the
36 following terms and conditions:

37 (a) Property may not be classified under this paragraph for more than
38 five tax years.

39 (b) Property that is classified under this paragraph shall not
40 thereafter be classified under paragraph 3 or 7 of this section.

41 5. Real and personal property and improvements or a portion of such
42 property comprising a qualified environmental technology manufacturing,
43 producing or processing facility as described in section 41-1514.02, valued
44 at full cash value and subject to the following terms and conditions:

1 (a) Property shall be classified under this paragraph for twenty tax
2 years from the date placed in service.

3 (b) Any addition or improvement to property already classified under
4 this paragraph qualifies separately for classification under this subdivision
5 for an additional twenty tax years from the date placed in service.

6 (c) After revocation of certification under section 41-1514.02,
7 property that was previously classified under this paragraph shall be
8 reclassified as prescribed by this article.

9 (d) Property that is classified under this paragraph shall not
10 thereafter be classified under paragraph 7 of this section.

11 6. That portion of real and personal property that is used on or after
12 January 1, 1999 specifically and solely for remediation of the environment by
13 an action that has been determined to be reasonable and necessary to respond
14 to the release or threatened release of a hazardous substance by the
15 department of environmental quality pursuant to section 49-282.06 or pursuant
16 to its corrective action authority under rules adopted pursuant to
17 section 49-922, subsection B, paragraph 4 or by the United States
18 environmental protection agency pursuant to the national contingency plan
19 (40 Code of Federal Regulations part 300) and that is valued at full cash
20 value. Property that is not being used specifically and solely for the
21 remediation objectives described in this paragraph shall not be classified
22 under this paragraph. For the purposes of this paragraph, "remediation of
23 the environment" means one or more of the following actions:

24 (a) Monitoring, assessing or evaluating the release or threatened
25 release.

26 (b) Excavating, removing, transporting, treating and disposing of
27 contaminated soil.

28 (c) Pumping and treating contaminated water.

29 (d) Treatment, containment or removal of contaminants in groundwater
30 or soil.

31 7. Real and personal property and improvements constructed or
32 installed from and after December 31, 2004 through December 31, 2010 and
33 owned by a qualified business under section 41-1516 and used solely for the
34 purpose of harvesting, transporting or the initial processing of qualifying
35 forest products removed from qualifying projects as defined in
36 section 41-1516. The classification under this paragraph is subject to the
37 following terms and conditions:

38 (a) Property may be initially classified under this paragraph only in
39 valuation years 2005 through 2010.

40 (b) Property may not be classified under this paragraph for more than
41 five years.

42 (c) Any new addition or improvement, constructed or installed from and
43 after December 31, 2004 through December 31, 2010, to property already

1 classified under this paragraph qualifies separately for classification and
2 assessment under this paragraph for not more than five years.

3 (d) Property that is classified under this paragraph shall not
4 thereafter be classified under paragraph 2, 3, 4 or 5 of this section.

5 8. REAL AND PERSONAL PROPERTY AND IMPROVEMENTS TO THE PROPERTY THAT
6 ARE USED SPECIFICALLY AND SOLELY TO MANUFACTURE FROM AND AFTER DECEMBER 31,
7 2006 THROUGH DECEMBER 31, 2016 BIODIESEL FUEL THAT IS ONE HUNDRED PER CENT
8 BIODIESEL AND ITS BY-PRODUCTS AND THAT ARE VALUED AT FULL CASH VALUE. THIS
9 PARAGRAPH APPLIES ONLY TO THE PORTION OF PROPERTY THAT IS USED SPECIFICALLY
10 FOR MANUFACTURING AND PROCESSING ONE HUNDRED PER CENT BIODIESEL FUEL, OR ITS
11 RELATED BY-PRODUCTS, FROM RAW FEEDSTOCK OBTAINED FROM OFF-SITE SOURCES,
12 INCLUDING NECESSARY ON-SITE STORAGE FACILITIES THAT ARE INTRINSICALLY
13 ASSOCIATED WITH THE MANUFACTURING PROCESS. ANY OTHER COMMERCIAL OR INDUSTRIAL
14 USE DISQUALIFIES THE ENTIRE PROPERTY FROM CLASSIFICATION UNDER THIS
15 PARAGRAPH.

16 Sec. 5. Section 49-474.01, Arizona Revised Statutes, is amended to
17 read:

18 49-474.01. Additional board duties in vehicle emissions control
19 areas; definitions

20 A. The board of supervisors of a county which contains any portion of
21 area A or area B as defined in section 49-541 shall:

22 1. In area A, in consultation with the designated metropolitan
23 planning organization, synchronize traffic control signals on all existing
24 and new roadways, within the unincorporated area and at jurisdictional
25 boundaries, which have a traffic flow exceeding fifteen thousand motor
26 vehicles per day.

27 2. In area A, beginning on January 1, 2000, develop and implement
28 plans to stabilize targeted unpaved roads, alleys and unpaved shoulders on
29 targeted arterials. The plans shall address the performance goals, the
30 criteria for targeting roads, alleys and arterials, a schedule for
31 implementation, funding options and reporting requirements.

32 3. In area A acquire or utilize vacuum systems or other dust removal
33 technology to reduce the particulates attributable to conventional crack
34 sealing operations as existing equipment is retired.

35 4. In area B synchronize traffic control signals on roadways with a
36 traffic flow exceeding fifteen thousand motor vehicles per day.

37 5. Implement adjusted work hours for at least eighty-five per cent of
38 county employees in area A each year beginning October 1 and ending April 1
39 in order to reduce the level of carbon monoxide concentrations caused by
40 vehicular travel.

1 B. The board of supervisors of a county that contains any portion of
2 area A as defined in section 49-541 shall make and enforce ordinances
3 consistent with ~~the provisions of~~ section 49-588 to reduce or encourage the
4 reduction of the commuter use of motor vehicles by employees of the county
5 and employees whose place of employment is within area A.

6 C. The board of supervisors in a county that contains any portion of
7 area A shall develop and implement a vehicle fleet plan for the purpose of
8 encouraging and progressively increasing the use of alternative fuels and
9 clean burning fuels in county owned vehicles operating in area A.

10 D. The plan shall include a timetable for increasing the use of
11 alternative fuels and clean burning fuels in fleet vehicles either through
12 purchase or conversion. The timetable shall reflect the following schedule
13 and percentage of vehicles ~~which~~ **THAT** operate on alternative fuels or clean
14 burning fuels:

15 1. At least eighteen per cent of the total fleet by December 31, 1995.

16 2. At least twenty-five per cent of the total fleet by December 31,
17 1996.

18 3. At least fifty per cent of the total fleet by December 31, 1998.

19 4. At least seventy-five per cent of the total fleet by December 31,
20 2000 and each year thereafter.

21 E. The requirements of subsections C and D of this section may be
22 waived on receipt of certification supported by evidence acceptable to the
23 department that the county is unable to acquire or be provided equipment or
24 refueling facilities necessary to operate vehicles using alternative fuels or
25 clean burning fuels at a projected cost that is reasonably expected to result
26 in net costs of no greater than ten per cent more than the net costs
27 associated with the continued use of conventional gasoline or diesel fuels
28 measured over the expected useful life of the equipment or facilities
29 supplied. Applications for waivers shall be filed with the department
30 pursuant to section 49-412. An entity that receives a waiver pursuant to
31 this section shall retrofit fleet heavy-duty diesel vehicles with a gross
32 vehicle weight of eight thousand five hundred pounds or more, that were
33 manufactured in or before model year 1993 and that are the subject of the
34 waiver with a technology that is effective at reducing particulate emissions
35 at least twenty-five per cent or more and that has been approved by the
36 United States environmental protection agency pursuant to the urban bus
37 engine retrofit/rebuild program. The entity shall comply with the
38 implementation schedule pursuant to section 49-555.

39 **F. IF THE REQUIREMENTS OF SUBSECTIONS C AND D OF THIS SECTION ARE MET**
40 **BY THE USE OF CLEAN BURNING FUEL, VEHICLE EQUIVALENTS UNDER THOSE**
41 **REQUIREMENTS SHALL BE CALCULATED AS FOLLOWS:**

42 **1. ONE VEHICLE EQUIVALENT FOR EVERY FOUR HUNDRED FIFTY GALLONS OF NEAT**
43 **BIODIESEL OR TWO THOUSAND TWO HUNDRED FIFTY GALLONS OF A DIESEL FUEL**
44 **SUBSTITUTE PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (b).**

2. ONE VEHICLE EQUIVALENT FOR EVERY FIVE HUNDRED THIRTY GALLONS OF THE FUEL PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (d).

~~F.~~ G. For the ~~purpose~~ PURPOSES of this section, "alternative fuel" and "clean burning fuel" have the same ~~meaning~~ MEANINGS prescribed in section 1-215.

Sec. 6. Section 49-573, Arizona Revised Statutes, is amended to read:

49-573. Emissions controls; federal vehicles

A. The operator of a United States government owned vehicle fleet based primarily in this state shall develop and implement a vehicle fleet plan for the purpose of encouraging and progressively increasing the use of alternative fuels and clean burning fuels in United States government owned vehicles. The plan shall include a timetable for increasing the use of alternative fuels and clean burning fuels in fleet vehicles either through purchase or conversion.

B. The timetable shall reflect the following schedule and percentage of vehicles ~~which~~ THAT operate on alternative fuels and clean burning fuels:

1. At least ten per cent of the total fleet by December 31, 1994.

2. At least forty per cent of the total fleet by December 31, 1995.

3. For fleets operating primarily in counties with a population of more than one million two hundred thousand persons according to the most recent United States decennial census, at least ninety per cent of the total fleet by December 31, 1997 and each year thereafter.

C. The requirements of subsections A and B of this section may be waived on receipt of certification supported by evidence acceptable to the department of environmental quality that the United States government fleet operator is unable to acquire or be provided equipment or refueling facilities necessary to operate vehicles using alternative fuels or clean burning fuels at a projected cost that is reasonably expected to result in net costs of no greater than thirty per cent more than the net costs associated with the continued use of conventional gasoline or diesel fuels measured over the expected useful life of the equipment or facilities supplied. An entity that receives a waiver pursuant to this section shall retrofit fleet heavy-duty diesel vehicles with a gross vehicle weight of eight thousand five hundred pounds or more, that were manufactured in or before model year 1993 and that are the subject of the waiver with a technology that is effective at reducing particulate emissions at least twenty-five per cent or more and that has been approved by the United States environmental protection agency pursuant to the urban bus engine retrofit/rebuild program. The entity shall comply with the implementation schedule pursuant to section 49-555.

D. IF THE REQUIREMENTS OF SUBSECTIONS A AND B OF THIS SECTION ARE MET BY THE USE OF CLEAN BURNING FUEL, VEHICLE EQUIVALENTS UNDER THOSE REQUIREMENTS SHALL BE CALCULATED AS FOLLOWS:

- 1 1. ONE VEHICLE EQUIVALENT FOR EVERY FOUR HUNDRED FIFTY GALLONS OF NEAT
2 BIODIESEL OR TWO THOUSAND TWO HUNDRED FIFTY GALLONS OF A DIESEL FUEL
3 SUBSTITUTE PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (b).
- 4 2. ONE VEHICLE EQUIVALENT FOR EVERY FIVE HUNDRED THIRTY GALLONS OF THE
5 FUEL PRESCRIBED IN SECTION 1-215, PARAGRAPH 7, SUBDIVISION (d).